NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - January 21, 2005

United States Attorney Carol C. Lam announced that Antonio ("Tony") Simon was convicted late Thursday afternoon by a jury in U.S. District Court in San Diego on 12 counts of bankruptcy fraud and eight counts of knowing disregard of bankruptcy rules and procedure. Judge Jeffrey T. Miller remanded the defendant into custody and set a sentencing date for Monday, April 11, 2005, at 9:00 a.m.

Simon, 52, currently residing in Hemet, California, was charged with defrauding homeowners and their creditors in a complex scheme which used bankruptcy law protections against foreclosure sales in a corrupt manner. The evidence at trial proved that Simon found and solicited homeowners in severe financial debt who were on the verge of losing their home through a foreclosure sale. The evidence further showed that Simon made a number of false representations and promises to the homeowners to get them to pay him a monthly fee for his purported services. Simon falsely claimed that he would (1) save the property from foreclosure by legal means, (2) contact lenders to renegotiate the mortgage, (3) assist in arranging refinancing, and (4) that a portion of the monthly fee he received from the homeowners for his services would be paid to the lender and applied to the mortgage, which he claimed would keep foreclosure from occurring.

Instead, the evidence at trial proved that Simon merely kept the homeowners' money and made no contact with the homeowners' creditors, did not arrange refinancing, or use the money to pay down the mortgage to prevent foreclosure. Rather, Simon prepared and caused to be prepared "bare bones" federal bankruptcy petitions for the homeowners to sign which declared either Chapter 7 or Chapter 13 bankruptcy in an effort to use bankruptcy law protections against foreclosure proceedings. Simon and the homeowner did nothing further to pursue the bankruptcy case. Bankruptcy law provides for an automatic stop to foreclosure proceedings and sales as soon as bankruptcy is filed by the homeowner. The law enables the homeowner to stay in the home as long as the bankruptcy is proceeding or until the foreclosure sale is otherwise ordered by a bankruptcy court judge. Bankruptcy law also provides that a schedule of assets and liabilities and a statement of financial affairs must be filed with the bankruptcy court by the bankruptcy filer within 15 days of the filing of the petition or the case will be dismissed.

The evidence at trial showed that these petitions, as directed, prepared or caused to be prepared by defendant Simon, were not supported by the schedule of assets and liabilities and a statement of financial affairs that were required to be filed, and the cases were dismissed by the bankruptcy court. The evidence at trial proved that the defendant's response to the dismissals was to direct the homeowner to file successive bankruptcy petitions but without the required supporting documents. The evidence at trial proved that the petitions were used by Simon with no intent to pursue bankruptcy but only to use bankruptcy laws protecting against foreclosure to defraud creditors, thus enabling Simon to continue to collect the monthly payments being made by the homeowners under false pretenses.

Further, the evidence at trial showed that, in an effort to continue his scheme for an extended period of time and thus collect additional money, defendant Simon used and caused relatives and persons unknown to homeowners, who the defendant arranged to receive portions of the homeowners' property through property deed transfers, to file bankruptcy petitions with no intent to pursue but which were used to continue the bankruptcy law protections against foreclosure.

Codefendant Raul Allen pled guilty prior to trial to participating in this fraudulent scheme and will be sentenced before Judge Miller on Monday, May 23, 2005 at 9:00 a.m.

"This type of fraudulent scheme, which targets those in financially vulnerable circumstances and their creditors, and which abuses the protections provided by our bankruptcy laws, will not be tolerated and will be prosecuted aggressively," said U.S. Attorney Lam. "We will continue to work with the United States Trustee's Office and the Federal Bureau of Investigation to prosecute those who carry on these schemes. The Trustee's Office and the FBI are to be congratulated for their outstanding efforts in this case."

DEFENDANT

Antonio Rios Simon

SUMMARY OF CHARGES

Bankruptcy Fraud, 18 U.S.C. § 157 -- Five years' imprisonment and/or a $250,000 fine per count

Knowing Disregard of Bankruptcy Laws, 18 U.S.C. § 156 -- One year imprisonment and/or a $100,000 fine per count

INVESTIGATING AGENCY

Federal Bureau of Investigation